G. R. S. IX-5]

Previous references.

1920.

(P.P)

File N

Seria

Later references.

P.P. 103-21-INL
P.P. 103-21-BAL
P.P. 67-22-IND
P.P. 103-21-INJ
P.P. 30-30-1

Preserve

GENERAL AND REVENUE SECRETARIA

Serial Nos. Two only

Part B for Oct 20.

SUBJECT.

Acquisition of immoveable
in British India by Ruling Princes

(2) To, the F. A. R.
No. PDC 491 dt. 28.10.20.
Conveys the views of the
and approves the views expres
by the Princes Committee

WD 2233—GPB—20,000—14-6-20

80

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

DEWAN'S OFFICE.
Recd. on JUL 17 1920
Reg. No. 418

Copy of the Residency letter No.6018/Encl,5. dated the 15th July 1920, forwarding copies of papers relating to the acquisition of immovable properties in British India by Ruling Princes and Chiefs, is submitted to Dewan.

16.7.20

C.R.Ramakan
Registrar. 16.7.20

Maybe submitted to H.H.
Dewan

17/7/20

Yes. Send also Engl copy
20-7-20

Submit a copy for submission
to H.H.

24/7

Pol Sec
Draft put up.
22/7

Dewan

25/7

25/7

CHIEF SECRETARIAT
POLITICAL BRANCH.
22 JUL 1920

N.B. —Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

DEWAN'S OFFICE.
Recd. on JUL 26 1920
Reg. No. 541

Submitted to His Highness.

***

I submit for the information of His Highness the accompanying copy of the Residency letter dated the 15th July 1920, forwarding copies of papers relating to the acquisition of immovable properties in British India by Ruling Princes and Chiefs and calling for the views of the Durbar in the matter.

2. The case is being worked up and will be submitted to His Highness in due course.

27th July 1920

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Copy of Residency letter and its enclosures on the subject of acquisition of immovable property in British India by Ruling Princes and Chiefs.

Order.

~~KRMP~~
29/7/20

GO 141

30-7-20

2.8.20.

Pol Dept

No.6018 /Encl.5.

From

Major C.T.C.Plowden, I.A.,

First Assistant to the Resident in Mysore.

To

The Chief Secretary to the Government

His Highness the Maharaja of Mysore

Dated Bangalore, 15th July 1920.

Sir,

I am directed to forward a copy each of the marginally noted papers relating to the acquisition of immovable property in British India by Ruling Princes and Chiefs and to request that you will be so good as to favour this office at an early date, with the views of the Durbar in the matter, for communication to the Government of India.

1. Original summary as prepared by the Government of India in the Foreign & Political Department.
2. Draft of summary as finally amended in the light of the proceedings of the Committee of Princes, dated 27th January 1920.
3. - do - as amended by the Princes' Committee in their September and November 1919.
4. Abstract of the views of Local Government & Administrations on the draft amended summary. --
5. Minutes of the proceedings of a meeting of the Princes' Committee held at Delhi on the 27th January 1920.

I have the honour to be,
Sir,
Your most obedient Servant,
Sd.C.T.C.Plowden.
First Assistant Resident.

'COPY'

C.R.Rama Rau

Registrar.

T.R.

Acquisition of immovable property in British India by Ruling Princes and Chiefs.

Original Summary as prepared by the Foreign and Political Department.

1. As a general principle the Government of India regard it as undesirable that Ruling Princes and Chiefs and notables in Indian States should acquire, whether by purchase or mortgage, immovable property in British India. The reasons for this policy are as follows:—

(1) Princes and Chiefs naturally find it difficult to distinguish between their position as Rulers and their position as property holders in British India.

(2) In the latter capacity they become subject to British courts and their dignity is wounded by the service of legal processes.

(3) Disagreeable discussions arise about taxation.

The Government of India have, in the past, in some cases desired a Ruler or an important personage in a State to divest himself of immovable property acquired by him in British territory. But on the other hand the Government of India, while still holding that such Rulers and notables should be advised on favourable opportunities to get rid of such properties, have sometimes more recently refrained from pressing them to do so, especially when the properties have been acquired in ignorance of the wishes of Government.

2. The policy followed by Government in this matter does not extend to the prevention of the acquisition of such properties by Rulers or notables when the acquisition occurs by bequest or succession. The question whether the individual beneficiary should eventually be desired to divest himself of his proprietary rights in the property and, if so, in what manner and within what period, requires decision in each case with reference to the particular circumstances.

3. The objections to the acquisition of property in British India by Rulers apply generally to the sons and other relatives of Rulers, but they do not apply to cases where immovable property in British India is acquired by relatives of Rulers, not in the direct line of succession, who leave the State to which they belong in

Draft of Summary as finally amended in the light of the proceedings of the Committee of Princes, dated the 27th January 1920.

(*A*) *Residential Property.*

I. The previous consent of the Government of India or of the Local Government or Administration concerned is required for acquisition of residential property by Ruling Princes and Chiefs of Indian States or by their near relatives in the case of the Presidency towns and the following hill stations:—Simla, Shillong, Darjeeling, Pachmarhi, any stations in the Nilgiris or Palni Hills, Murree, Dalhousie, Dharamsala, Mussoorie, Landour, Lansdowne, Naini Tal,* Almora, Ranikhet, Mahableshwar and Matheran.

Note.—*The requirements of this clause would apply to* benami *transactions generally,* i.e., *to cases in which the real purchaser is a Ruling Prince or Chief or a near relative, though the transaction is carried out in some one else's name.*

II. The Government of India have no objection to the acquisition, whether by purchase or mortgage, of immovable property for residential purposes in any part of British India in places other than the hill stations named above and Presidency towns, provided that the following general conditions and stipulations are recognised and accepted:—

(1) The Ruler will not effect any transfer of property or create any encumbrances on it without the previous consent of the Government of India or the Local Government or Administration.

(2) A Prince or Chief acquiring immovable property in British India may, with the consent of the Governor-General in Council, be sued with reference to such property in British Indian courts, either in the name

The Committee recorded the opinion that, as a matter of courtesy, Rulers owning residential property in British India should be exempted from the payment of income tax, *and expressed a hope that, if income tax were levied, it should be levied only on the annual value of the property and that as a matter of courtesy some special machinery for recovering the tax should be devised.*

* *The Committee agreed that Almora should be retained in the list of hill stations and that Bhowali should also be included in it, if a hill station is eventually established there.*

order to reside in British India, and who submit themselves in all respects to British jurisdiction.

4. Exceptions to the general principle have frequently been made in cases where Princes have wished to acquire houses or sites at hill stations and sometimes, in special cases, at other places. In the case of properties acquired at hill stations and in Presidency towns, some or all of the following conditions have, as a general rule, been imposed when permission to acquire has been given :—

(*i*) That the Ruler will not effect any transfer of the property or create any encumbrance on it without the approval of the Government of India.

(*ii*) That the Ruler will undertake to divest himself of the property whenever called upon by the Government to do so.

(*iii*) That the Ruler will be subject to the ordinary civil courts in respect of the property.

(*iv*) That the Ruler will enforce on his servants respect for municipal regulations.

Other minor stipulations which are generally made by the Bombay Government are—

(*v*) That the property will be acquired as State property, and not as the personal property of the Ruler.

(*vi*) That the property will not be dealt with in a commercial way.

(*vii*) That the number of followers accompanying the Ruler when in residence will be limited.

(*viii*) That there will be some responsible person in the locality in which the property is acquired to answer finally to the authorities and to sue and be sued.

(*ix*) That on the occasions of the Ruler's visits to his property he will have a qualified medical officer on his staff who will report to the local health officer and carry out his requirements in the matter of sanitation.

5. The Government of India do not encourage the acquisition of house property by Rulers at Simla or at other hill stations which are the summer capitals of Local Governments, in view of the fact that these places are very overcrowded

of the State or, if arrangements for this purpose are made, in the name of an agent, *vide* sections 85—87, Code of Civil Procedure, 1908.

(3) The Ruler will appoint a responsible agent in the locality in which the property is acquired to answer to the authorities in case of need.

Local Governments and Administrations will be glad to receive previous intimation, unless circumstances make it impracticable, of a Ruler's intention to purchase residential property within their jurisdiction.

III. In cases of emergency the Government of India have no objection to the conclusion by a Ruling Prince or a Chief of a preliminary contract for the purchase of residential property in any part of India without obtaining whatever previous consent may be required by the circumstances of the case, *it being understood that such a provisional contract will not prejudice the right of Local Government to refuse consent if consent is required under these rules.*

IV. In cases where a Ruling Prince desires to purchase residential property in any of the areas mentioned in clause I, previous intimation of this desire should be given to the Local Government with some general indication of the area and locality in which it is proposed to purchase.

and that there is already great difficulty in finding suitable accommodation for officials of Government.

For the same reasons Local Governments have also sometimes deprecated the purchase of property by Princes and Chiefs at Presidency towns and Provincial capitals.

6. The Government of India have delegated to the Governments of Madras, Bombay, Bengal, United Provinces, Punjab, Bihar and Orissa, Assam and Central Provinces, the power to approve acquisitions of immovable property within the province concerned by Rulers and notables of Indian States situated in the province.

SGPI, Delhi—1253 FPD—22-6-20—270.

Draft of Summary as amended by the Princes' Committee in their meetings in September and November 1919.

(*A*) *Residential Property.*

I. The previous consent of the Government of India or of the Local Government or Administration concerned is required for acquisition of residential property by Ruling Princes and Chiefs of Indian States or by their near relatives in the case of the Presidency* towns and the following hill stations :—Simla, Shillong, Darjeeling, Pachmarhi, any stations in the Nilgiris or Palni Hills, Murree, Dalhousie, Dharamsala, Mussoorie, Landour, Lansdowne, Naini Tal,† Almora, Ranikhet, Mahableshwar and Matheran.

II. The Government of India have no objection to the acquisition, whether by purchase or mortgage, of immovable property for residential purposes in any part of British India in places other than the hill stations named above and Presidency* towns, provided that the following general conditions and stipulations are recognised and accepted :—

(1) The Ruler will not effect any transfer of property or create any encumbrances on it without the previous consent of the Government of India or the Local Government or Administration.

The Committee recorded the opinion that, as a matter of courtesy, Rulers owning residential property in British India should be exempted from the payment of income-tax.

*The Committee hope that it may be possible at some future date to realx the restriction in regard to Presidency towns.

†His Highness the Maharaja of Alwar suggested the omission of Almora, in view of the fact that it is neither the headquarters of Government nor a military cantonment or sanatorium.

Abstract of the reviews of Local Government and Administrations on the draft amended Summary.

1. Bihar and Orissa, Central Provinces and Assam have no objections to the modifications suggested by the Princes' Committee in the policy of the Government of India.

Clause I—

2. Bengal and Bombay Governments are strongly opposed to relaxation of restrictions in favour of notables as they apprehend that it will promote *benami* transactions.

3. Punjab wanted Murree included in the list of hill stations mentioned in the clause. This has already been done.

4. United Provinces ask for the inclusion of Bhowali, where a hill station is about to be established, in the list in clause I and press for the retention of Almora which is the cantonment of a Kumaon regiment and a sanatorium.

5. The three Presidency Governments are stongly of opinion that Ruling Princes and Chiefs should obtain approval before purchasing residential property in Presidency towns.

Clause II—

6. Bombay Government are of opinion that conditions 5 and 7 of paragraph 4 of the original summary prepared in this Department should be retained.

7. United Provinces Government assume that the word " Ruler " in clause II (1) and (3) includes near relatives of Rulers mentioned in clause I and are of opinion that previous intimation of intention to purchase even outside prohibited hill stations should be obligatory.

The Governments of Madras, Bombay, the United Provinces and the Punjab, favour the exemption from income-tax of Ruling Princes and Chiefs in respect of residential property owned by them in British India. The Bengal Government, however, refrain from expressing an opinion on the point as, in future, income-tax shall be an all-India asset.

See " 5 " above.

See " 4 " above.

(2) A Prince or Chief acquiring immovable property in British India may, with the consent of the Governor-General in Council, be sued with reference to such property in British India courts, either in the name of the State or, if arrangements for this purpose are made, in the name of an agent, *vide* sections 85—87, Code of Civil Procedure, 1908.

(3) The Ruler will appoint a responsible agent in the locality in which the property is acquired to answer to the authorities in case of need.

Local Governments and Administrations will be glad to receive previous intimation, unless circumstances make it impracticable of a Ruler's intention to purchase residential property within their jurisdiction.

III. In cases of emergency the Government of India have no objection to the conclusion by a Ruling Prince or a Chief of a preliminary contract for the purchase of residential property in any part of India without obtaining whatever previous consent may be required by the circumstances of the case.

Clause III—

8. Madras, Bombay and Bengal Governments are strongly opposed to any formal authorisation by the Government of India of any emergency negotiations for purchase preliminary to obtaining the consent of the Government concerned, as they fear that it will hamper Government in dealing with applications to purchase the property and may be used as a lever to obtain sanction which may not otherwise be given.

The Punjab Government are of opinion that if a stipulation is not distinctly laid down to the effect that the conclusion of the preliminary contract is not to be allowed to influence the ultimate decision in any way, it will lead to Government's hands being forced.

The Government of Bombay deprecate special provision for emergency contracts as they think that it would be apt to result in Government being confronted in each case with *fait accompli*, and consider that *bonâ fide* cases of intending purchasers would be met if previous intimation was given of intention to acquire landed property with some indication of its area and location. The Government of the United Provinces have, however, no objection to the conclusion, in cases of emergency, of a preliminary contract of purchase before obtaining the approval of Government if it is clearly provided that the ultimate conclusion of the contract is subject to such approval as may be required.

General—

9. The Government of the United Provinces are of opinion that Indian States, which want these concessions, should undertake to give similar concessions to British subjects in their States.

The Government of Bengal, with the exceptions given above, approve the draft summary, but only on the assumption that existing restrictions on the acquisition of non-residential landed property are substantially maintained.

I. M. Press, Simla.—No. 271 F. D.—23-6-20—270—K.C.M

Minutes of the proceedings of a meeting of the Princes' Committee held at Delhi on the 27th January 1920.

PRESENT:

His Highness the Maharaja of Alwar.

His Highness the Maharaja of Bikaner.

His Highness the Maharao of Cutch.

His Highness the Nawab of Maler Kotla.

His Highness the Maharaja of Navanagar.

His Highness the Maharaja of Patiala.

The Hon'ble Sir GEORGE LOWNDES.

The Hon'ble Sir JOHN WOOD.

Agendum VIII.

Acquisition of immovable property in British India by Ruling Princes and Chiefs.

As regards clause I of the amended draft summary it was agreed that there should be no restrictions on notables, but that a note should be added to the paragraph to the effect that the requirements of the paragraph would apply to *benami* transactions generally, *i.e.*, to cases in which the real purchaser is a Ruling Prince or Chief or a near relative though the transaction is carried out in some one else's name.

2. The Committee agreed that Almora should be retained in the list of hill stations and that Bhowali should also be included in it, if a hill station is eventually established there. His Highness the Maharaja of Alwar, however, expressed his personal opinion that all hill stations should be excluded which are not cantonments or headquarters of Government. Their Highnesses the Jam Sahib of Navanagar and the Nowab of Maler Kotla concurred in this view.

3. His Highness the Maharaja of Bikaner asked that a note should be taken that since Bhowali is a consumptive sanatorium, the Local Government should be asked not to include it in the areas to which visits of Ruling Princes are restricted.

4. The suggestion of the Bombay Government to retain conditions 5 and 7 of paragraph 4 of the original summary was not approved. It was noted that condition 5 was unnecessary, and that condition 7 was provided for under the proposed rules relating to visits of Ruling Princes, etc., to places in British India.

5. As regards clause III of the summary, the Committee considered the objections raised by the Madras, Bombay and Bengal Governments to the proposed authorisation of emergency negotiations, and considered that these objections would be sufficiently met by :—

(1) the addition at the end of clause III of the following words :—

> " It being understood that such a provisional contract will not prejudice the right of the Local Government to refuse consent, if consent is required under these rules ;"

(2) adding a general clause to the effect that in cases where a Ruling Prince desires to purchase residential property in any of the areas mentioned in clause I, previous intimation of this desire should be given to the Local Government with some general indication of the area and locality in which it is proposed to purchase.

The Committee did not accept the proposal of the United Provinces Government that it should be provided in the preliminary contract that the purchase was

subject to the approval of Government, since such a proviso would be likely to prejudice the bargain. The Committee agreed that if consent was ultimately refused the purchaser in such a case would have to resell on the best terms he could get.

6. With regard to the assumption of the United Provinces Government that the word " Ruler " in clause II, sub-clauses (1) and (3) includes near relatives of Rulers, the Committee noted that this was not the intention, since there appears to be no necessity for preventing relatives of a Ruler, who are liable to be sued in British courts, from transferring property or creating encumbrances on it or for requiring them to appoint a responsible agent.

7. The Committee also did not agree to the suggestion of the United Provinces Government that previous intimation of the intention of a Ruler to purchase property, even outside prohibited hill stations, should be obligatory.

8. The proposal of the United Provinces Government that Indian States which wanted the concessions proposed under the amended summary should undertake to give similar concessions to British subjects in their States, was not considered feasible.

9. As regards income-tax the Committee felt that they could only add to their existing suggestion the hope that if income-tax were levied, it should be levied only on the annual value of the property, and that as a matter of courtesy some special machinery for recovering the tax should be devised.

G. M. Press, Simla.—No. 270 F. D.—22-6-20.—75—A.C.B.

G. R. S. III—1] 1920.

GENERAL AND REVENUE SECRETARIAT.

(PP)

NOTES.

File No. 29-20

FILE HEADING.

Acquisition of immovable property in British India by Ruling Princes & Chiefs.

From The First Asst. Resident—

No. 6018 Dated 15-7-20 Received 16-7-20

Diary No. 920	Enclos. 5 Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Forwarding copies of certain papers relating to the acquisition of immovable property in British India by Ruling Princes & Chiefs and requesting to be favoured with the views of the Durbar in the matter.

NOTES AND ORDERS.

Subt for orders.

Y. [signature]

20/7

Chief Secy)

MC 22/7

The draft Summary as finally revised appears to be suitable & the

NOTES—First Sheet.

(2

G. R. S. III-2]

920

General and Revenue Secretariat.

PP File No. 29 of 1920

Serial No.

Durbar may express its concurrence with the provisions ~~under~~ specified in it.

The case may be submitted to H.E. for his perusal & gracious orders.

Dewan)

CBX
11/7
MM
26/7

Necessary G.O. in lines of the draft to be issued for consideration in Council.

Secy
11.8.20

C/ circulate

CBX
12/8/20
MM
12/8/20

DEWAN'S OFFICE.
Recd. on JUL 26 1920
Reg. No. 546

NOTE—Contn. sheet.

(For Disposal at a Meeting)

No. C. 115

.....19.20.

GENERAL AND REVENUE SECRETARIAT

Council Matter.

SUBJECT.

(Clause xii of the Schedule.)

Re: acquisition of immovable property in British India by Ruling Princes and Chiefs.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

C S Balasundaram
Chief Secretary to Government.

..... 14th August ....1920.

Extraordinary Member of Council.

51 / 20/8/20 **First Member of Council.**

1067-66. / 18.8.20 **Second Member of Council.**

20.8.20.

485 / 16.8.20 **Third Member of Council.**

17/8

C. 115

"D" - 12.

Re: acquisition of immovable property in British India by Ruling Princes and Chiefs.

...

Opinion of the Council.

Put up draft.

Durbar have no remarks to offer. So far as the Durbar is concerned they would prefer to have each case to be dealt with on the merits.

CRK
28/9.

Please put up typed draft.

CRK
28/9

DEWAN'S OFFICE.
Recd. on SEP 29 1920
Reg. No. 2853.

For approval

Dewan

CRK
28/9

The Dewan desires that the papers may be Submd. to His Highness also before issue of draft.

D. Jr.

D. Jr. Submd.

CRK
5/10/20

C. 115

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Draft reply to Residency regardin the acquisition of immoveable property in British India by Ruling Princes and Chiefs.

453
8.10.20.

495
Returned with Do No 106 dated
17/18.10.1920.

Order.

Sub to members.

2nd member
3rd member

2415-75.
19.10.20.

Rees
20.10.20

21/10/20

2724
21-10-1920.

21-10

Issue Do enclosed with
W.S. letter in 9 P.

25
23/10/20.

27/10

27/10

G. R. S. III-2]

General and Revenue Secretariat.

P P File No. 80 of 1920.

Serial No.	
2	To The I. a. Resident. No Pol 491 of 28. 10. 1920. With refce to Sl 1 Convey the views of the Durbar and approves the views of expressed by the Princess Committee.

CHIEF SECRETARIAT
II
POLITICAL BRANCH.
3 NOV 1920

Ch Scott
Political Dept
C/My & Aden

SECRETARIAT
POLITICAL BRANCH
16 JUL 1920

Encl 5

Col 90

No. 6018

R. O. 2.—R. P. B.—2-1920.—5000. 1920

ELECTION FILE

PP 80-20
29

FROM

MAJOR C. T. C. PLOWDEN, I. A.,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 15th July 1920

SIR,

I am directed to forward a copy each of the marginally noted papers relating to the acquisition of immoveable property in British India by Ruling Princes and Chiefs, and to request that you will be so good as to favour this office at an early date with the views of the Durbar in the matter, for communication to the Government of India.

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4. Abstract of the views of Local Governments & Administrations on the draft amended summary.
5. Minutes of the proceedings of a meeting of the Princes' Committee held at Delhi on the 27th January 1920.

I have the honour to be,
Sir,
Your most obedient servant,

FIRST ASSISTANT RESIDENT

BJ

Acquisition of immovable property in British India by Ruling Princes and Chiefs.

Original Summary as prepared by the Foreign and Political Department.

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(2) In the latter capacity they become subject to British courts and their dignity is wounded by the service of legal processes.

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2. The policy followed by Government in this matter does not extend to the prevention of the acquisition of such properties by Rulers or notables when the acquisition occurs by bequest or succession. The question whether the individual beneficiary should eventually be desired to divest himself of his proprietary rights in the property and, if so, in what manner and within what period, requires decision in each case with reference to the particular circumstances.

3. The objections to the acquisition of property in British India by Rulers apply generally to the sons and other relatives of Rulers, but they do not apply to cases where immovable property in British India is acquired by relatives of Rulers, not in the direct line of succession, who leave the State to which they belong in

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* *The Committee agreed that Almora should be retained in the list of hill stations and that Bhowali should also be included in it, if a hill station is eventually established there.*

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of the State or, if arrangements for this purpose are made, in the name of an agent, *vide* sections 85—87, Code of Civil Procedure, 1908.

(3) The Ruler will appoint a responsible agent in the locality in which the property is acquired to answer to the authorities in case of need.

Local Governments and Administrations will be glad to receive previous intimation, unless circumstances make it impracticable, of a Ruler's intention to purchase residential property within their jurisdiction.

III. In cases of emergency the Government of India have no objection to the conclusion by a Ruling Prince or a Chief of a preliminary contract for the purchase of residential property in any part of India without obtaining whatever previous consent may be required by the circumstances of the case, *it being understood that such a provisional contract will not prejudice the right of Local Government to refuse consent if consent is required under these rules.*

IV. In cases where a Ruling Prince desires to purchase residential property in any of the areas mentioned in clause I, previous intimation of this desire should be given to the Local Government with some general indication of the area and locality in which it is proposed to purchase.

and that there is already great difficulty in finding suitable accommodation for officials of Government.

For the same reasons Local Governments have also sometimes deprecated the purchase of property by Princes and Chiefs at Presidency towns and Provincial capitals.

6. The Government of India have delegated to the Governments of Madras, Bombay, Bengal, United Provinces, Punjab, Bihar and Orissa, Assam and Central Provinces, the power to approve acquisitions of immovable property within the province concerned by Rulers and notables of Indian States situated in the province.

SGPI, Delhi—1253 FPD—22-6-20—270.

Draft of Summary as amended by the Princes' Committee in their meetings in September and November 1919.

(A) *Residential Property.*

I. The previous consent of the Government of India or of the Local Government or Administration concerned is required for acquisition of residential property by Ruling Princes and Chiefs of Indian States or by their near relatives in the case of the Presidency* towns and the following hill stations :—Simla, Shillong, Darjeeling, Pachmarhi, any stations in the Nilgiris or Palni Hills, Murree, Dalhousie, Dharamsala, Mussoorie, Landour, Lansdowne, Naini Tal,† Almora, Ranikhet, Mahableshwar and Matheran.

II. The Government of India have no objection to the acquisition, whether by purchase or mortgage, of immovable property for residential purposes in any part of British India in places other than the hill stations named above and Presidency* towns, provided that the following general conditions and stipulations are recognised and accepted :—

(1) The Ruler will not effect any transfer of property or create any encumbrances on it without the previous consent of the Government of India or the Local Government or Administration.

The Committee recorded the opinion that, as a matter of courtesy, Rulers owning residential property in British India should be exempted from the payment of income-tax.

*The Committee hope that it may be possible at some future date to realx the restriction in regard to Presidency towns.

†His Highness the Maharaja of Alwar suggested the omission of Almora, in view of the fact that it is neither the headquarters of Government nor a military cantonment or sanatorium.

Abstract of the reviews of Local Government and Administrations on the draft amended Summary.

1. Bihar and Orissa, Central Provinces and Assam have no objections to the modifications suggested by the Princes' Committee in the policy of the Government of India.

Clause I—

2. Bengal and Bombay Governments are strongly opposed to relaxation of restrictions in favour of notables as they apprehend that it will promote *benami* transactions.

3. Punjab wanted Murree included in the list of hill stations mentioned in the clause. This has already been done.

4. United Provinces ask for the inclusion of Bhowali, where a hill station is about to be established, in the list in clause I and press for the retention of Almora which is the cantonment of a Kumaon regiment and a sanatorium.

5. The three Presidency Governments are stongly of opinion that Ruling Princes and Chiefs should obtain approval before purchasing residential property in Presidency towns.

Clause II—

6. Bombay Government are of opinion that conditions 5 and 7 of paragraph 4 of the original summary prepared in this Department should be retained.

7. United Provinces Government assume that the word " Ruler " in clause II (1) and (3) includes near relatives of Rulers mentioned in clause I and are of opinion that previous intimation of intention to purchase even outside prohibited hill stations should be obligatory.

The Governments of Madras, Bombay, the United Provinces and the Punjab, favour the exemption from income-tax of Ruling Princes and Chiefs in respect of residential property owned by them in British India. The Bengal Government, however, refrain from expressing an opinion on the point as, in future, income-tax shall be an all-India asset.

See " 5 " above.

See " 4 " above.

(2) A Prince or Chief acquiring immovable property in British India may, with the consent of the Governor-General in Council, be sued with reference to such property in British India courts, either in the name of the State or, if arrangements for this purpose are made, in the name of an agent, *vide* sections 85—87, Code of Civil Procedure, 1908.

(3) The Ruler will appoint a responsible agent in the locality in which the property is acquired to answer to the authorities in case of need.

Local Governments and Administrations will be glad to receive previous intimation, unless circumstances make it impracticable, of a Ruler's intention to purchase residential property within their jurisdiction.

III. In cases of emergency the Government of India have no objection to the conclusion by a Ruling Prince or a Chief of a preliminary contract for the purchase of residential property in any part of India without obtaining whatever previous consent may be required by the circumstances of the case.

Clause III—

8. Madras, Bombay and Bengal Governments are strongly opposed to any formal authorisation by the Government of India of any emergency negotiations for purchase preliminary to obtaining the consent of the Government concerned, as they fear that it will hamper Government in dealing with applications to purchase the property and may be used as a lever to obtain sanction which may not otherwise be given.

The Punjab Government are of opinion that if a stipulation is not distinctly laid down to the effect that the conclusion of the preliminary contract is not to be allowed to influence the ultimate decision in any way, it will lead to Government's hands being forced.

The Government of Bombay deprecate special provision for emergency contracts as they think that it would be apt to result in Government being confronted in each case with *fait accompli*, and consider that *bonâ fide* cases of intending purchasers would be met if previous intimation was given of intention to acquire landed property with some indication of its area and location. The Government of the United Provinces have, however, no objection to the conclusion, in cases of emergency, of a preliminary contract of purchase before obtaining the approval of Government if it is clearly provided that the ultimate conclusion of the contract is subject to such approval as may be required.

General—

9. The Government of the United Provinces are of opinion that Indian States which want these concessions, should undertake to give similar concessions to British subjects in their States.

The Government of Bengal, with the exceptions given above, approve the draft summary, but only on the assumption that existing restrictions on the acquisition of non-residential landed property are substantially maintained.

G. M. Press, Simla.—No. 271 F. D.—23-6-20—270—K.C.M

Minutes of the proceedings of a meeting of the Princes' Committee held at Delhi on the 27th January 1920.

PRESENT:

His Highness the Maharaja of Alwar.

His Highness the Maharaja of Bikaner.

His Highness the Maharao of Cutch.

His Highness the Nawab of Maler Kotla.

His Highness the Maharaja of Navanagar.

His Highness the Maharaja of Patiala.

The Hon'ble Sir GEORGE LOWNDES.

The Hon'ble Sir JOHN WOOD.

Agendum VIII.

Acquisition of immovable property in British India by Ruling Princes and Chiefs.

As regards clause I of the amended draft summary it was agreed that there should be no restrictions on notables, but that a note should be added to the paragraph to the effect that the requirements of the paragraph would apply to *benami* transactions generally, *i.e.*, to cases in which the real purchaser is a Ruling Prince or Chief or a near relative though the transaction is carried out in some one else's name.

2. The Committee agreed that Almora should be retained in the list of hill stations and that Bhowali should also be included in it, if a hill station is eventually established there. His Highness the Maharaja of Alwar, however, expressed his personal opinion that all hill stations should be excluded which are not cantonments or headquarters of Government. Their Highnesses the Jam Sahib of Navanagar and the Nowab of Maler Kotla concurred in this view.

3. His Highness the Maharaja of Bikaner asked that a note should be taken that since Bhowali is a consumptive sanatorium, the Local Government should be asked not to include it in the areas to which visits of Ruling Princes are restricted.

4. The suggestion of the Bombay Government to retain conditions 5 and 7 of paragraph 4 of the original summary was not approved. It was noted that condition 5 was unnecessary, and that condition 7 was provided for under the proposed rules relating to visits of Ruling Princes, etc., to places in British India.

5. As regards clause III of the summary, the Committee considered the objections raised by the Madras, Bombay and Bengal Governments to the proposed authorisation of emergency negotiations, and considered that these objections would be sufficiently met by :—

(1) the addition at the end of clause III of the following words :—

> "It being understood that such a provisional contract will not prejudice the right of the Local Government to refuse consent, if consent is required under these rules ;"

(2) adding a general clause to the effect that in cases where a Ruling Prince desires to purchase residential property in any of the areas mentioned in clause I, previous intimation of this desire should be given to the Local Government with some general indication of the area and locality in which it is proposed to purchase.

The Committee did not accept the proposal of the United Provinces Government that it should be provided in the preliminary contract that the purchase was

subject to the approval of Government, since such a proviso would be likely to prejudice the bargain. The Committee agreed that if consent was ultimately refused the purchaser in such a case would have to resell on the best terms he could get.

6. With regard to the assumption of the United Provinces Government that the word " Ruler " in clause II, sub-clauses (1) and (3) includes near relatives of Rulers, the Committee noted that this was not the intention, since there appears to be no necessity for preventing relatives of a Ruler, who are liable to be sued in British courts, from transferring property or creating encumbrances on it or for requiring them to appoint a responsible agent.

7. The Committee also did not agree to the suggestion of the United Provinces Government that previous intimation of the intention of a Ruler to purchase property, even outside prohibited hill stations, should be obligatory.

8. The proposal of the United Provinces Government that Indian States which wanted the concessions proposed under the amended summary should undertake to give similar concessions to British subjects in their States, was not considered feasible.

9. As regards income-tax the Committee felt that they could only add to their existing suggestion the hope that if income-tax were levied, it should be levied only on the annual value of the property, and that as a matter of courtesy some special machinery for recovering the tax should be devised.

G. M. Press, Simla,—No. 270 F. D.—22-6-20.—75—A.C.B.

PP 80-20-V

Pol 491

28th October 1920

To

The First Assistant to the
Resident in Mysore, Bangalore.

Sir,

1 I am directed to communicate the Durbar's views on the papers forwarded with your D.O. letter No. 6018 (Pol. 90) dated 15th July 1920.

2 I am to say that the Durbar are of opinion that the draft rules, as finally amended in the light of the Proceedings of the Committee of Princes dated the 27th. January 1920, are a great improvement on the present rules, and may be adopted.

3 The Durbar would, however, venture to express the hope that the Government of India may see their way to relax the restriction still further in regard to Presidency towns. It must be remembered that not only in Presidency towns, but even in Hill Stations a large proportion of residential houses are owned by Indians, and it seems obviously desirable to eliminate, as far as possible, the invidious distinctions which now exist between Rulers of Indian States and Indians of lower rank, in this respect. While there is much that may be said in favour of the present policy in regard to Hill Stations, there seems, in the opinion of the Durbar, to be really no necessity for any restriction so

far as Presidency towns are concerned, so long as Ruling Princes (or their near relatives) desirous of purchasing house property in these towns, do so for their own bona fid residential purposes, and not with a view to renting or deriving any income from them, ar are willing to subject themselves, or their Agents, "in all respects to British Jurisdiction", and to undertake not "to transfer or create any encumbrances on it without the previous consent of the Government of India or the local Government or Administration".

4 With these observations, I am to say that the Durbar approves of the views expressed by the Princes' Committee.

I have the honour to be,

Sir,

Your most obedient servant,

Chief Secretary to Government.

M 2
18. 10. 20